



Philosophy

We, at SANYO DENKI Group Companies, aim to help **all people achieve happiness**, and work with people to make **their dreams come true**.

To embody our corporate philosophy, we will achieve the following:

For Society and Environment

We will conduct management that contributes to preserving the global environment and enhancing human prosperity through our corporate activities.

For Customers and Users

We will conduct management that realizes the creation of new value for customers and users through our technologies, products, and services.

For Suppliers and Vendors

We will conduct management aimed at mutual technical development and prosperity through deals of parts and materials, production contracting, and joint development.

For Investors and Financial Institutions

We will conduct management that increases our investment worth and credit through sound and constructive management and the provision of easily understandable information.

For Colleague and Competitor Companies

We will conduct management that co-creates industrial and technological developments through technical alliances and competition.

For Employees

We will conduct management aimed at employee self-realization through work and corporate activities.

Contents

03 →

About SANYO DENKI

- 03 Message from the President
- 05 Topics for Fiscal 2018
- 07 About SANYO DENKI Group
- 09 Operating Results by Geographic Segment
- 11 Financial Highlights
- 13 History of SANYO DENKI Group

15 →

Our Vision

Value Creation at SANYO DENKI Group

- 15 Value Creation Process

17 →

Achievements So Far

- 17 The 8th Mid-term Management Plan
- 19 About the Environment and Products
- 21 Global Production
- 23 Manufacturing Technology
- 25 Global Sales

27 →

At the Heart of SANYO DENKI

Corporate Governance

- 27 Executives
- 29 Corporate Governance

Environmental Management

- 31 Environmental Policy
- 32 Eco Products
- 33 Environmental Activities

Editorial Policy

This report covers the SANYO DENKI Group including its 18 consolidated subsidiaries (as of March 31, 2019). SANYO DENKI is working towards resolving social issues and helping create a sustainable society through ESG (environment, social, and governance) activities. The contents of this report are voluntarily disclosed for stakeholders.

Safety and Health

- 35 Safety and Health
- 36 Health Promotion Activities

Human Resources

- 37 Training
- 38 Next Generation Training Support

39 →

Financial Data

- 39 10-Year Financial Summary
- 41 Stock Information
- 42 Company Overview

Cautions Regarding Forecasts

Of the current plans and strategies of the SANYO DENKI Group described in this report, those that are not historical facts are future forecasts and involve risks and uncertainties. Accordingly, readers should be aware that actual results may vary significantly from forecasts due to a variety of factors. Note that the factors that affect business results are not limited to these mentioned.

Helping Customers Create Value

Shigeo Yamamoto

CEO/President & COO



Thank you very much for your continuing support.

Since April 2016, the SANYO DENKI Group has been engaged in the five-year 8th Mid-term Management Plan, implementing specific measures aimed at the following four management targets:

1. Continue to develop world-leading products in terms of quality, performance, and reliability;
2. Establish a "borderless" sales system in which all group companies operate under the same management policy to deliver high and uniform quality products and services to customers around the world;
3. Manage all information in real time to make all the

necessary business information available from anywhere in the world; and

4. Build factory automation to improve production efficiency and quality as well as reduce inventory and improve production management.

Three years have elapsed since the plan was launched, and actual results are beginning to become a reality.

In our factories in Ueda, Nagano, automation of motor production and servo amplifier PCB mounting lines has been completed, and efficiency has increased. In addition, the latest automation line has been installed in the cooling fan assembly process. This has significantly

improved quality and productivity.

On the other hand, we opened a Technology Center at our Philippines production site in March. This Technology Center is an international development site focused on designing and developing Cooling Systems, Power Systems, and Servo Systems products that are manufactured at the Philippines factories.

In addition, we established SANYO DENKI (Tianjin) CO., LTD. as a sales base for the North China region in February this year.

We look forward to your continued support.

Start of the Third Year of the 8th Mid-term Management Plan

Start of Two-Representative Director System

SANYO DENKI PHILIPPINES, INC.
Business Trend Meeting Held

This annual meeting was held by the Purchasing Headquarters for suppliers. At this meeting, the Superior Supplier Prize was awarded to two companies that had made significant contributions to production activities of the SANYO DENKI Group. After the award ceremony, attendees visited the newly built 3rd Building to see the production sites.

Head Office Certified as "Silver" Healthy Company

For this certification, companies declare and set target initiatives for building a healthy environment throughout the company. In August 2018, we were certified as a Healthy Company.

Head Office's Showroom Renovated

Head Office's showroom was renovated in October 2018. It has easily operable "tryout demo units" installed. They have functions to resolve customers' technical issues and improve product knowledge.

Global Meetings Were Held

"Global meetings" involving employees around the world were launched to enable group members to share information and opinions. These meetings of specialists in each field are held once a year and are an effective way to promote global activities of the SANYO DENKI Group.

SANYO DENKI (Tianjin) CO., LTD.
New Sales Base Established in Tianjin

SANYO DENKI (Tianjin) CO., LTD. was established in Tianjin, China as a group company. This sales office sells SANYO DENKI products and supports local distributors in the north and north-east regions of China. Also, when SANYO DENKI (Tianjin) CO., LTD. was established, its Beijing branch office was opened at the same time.

SANYO DENKI PHILIPPINES, INC.
Technology Center Newly Established

A Technology Center was established in SANYO DENKI Philippines. This Technology Center designs products to be manufactured at the Philippines factories. In coordination with the Technology Center in Japan, SANYO DENKI Philippines provides customers with high-quality products faster.



Apr. 2018
AC Servo Amplifier
SANMOTION R 3E Model 400 V model
Servo amplifier that can detect danger and stop immediately as well as predict failure



150 A, Analog/Pulse type 300 A, EtherCAT type (Safety model)

Aug. 2018
ø175 x 69 mm
Splash Proof Centrifugal Fan
San Ace 175W
9W2T type
Water and dust resistance
(IP56 protection rating)



Oct. 2018
ø225 x 99 mm
Centrifugal Fan / Splash Proof Centrifugal Fan
San Ace 225AD
9AD type
Can be driven by AC input



Oct. 2018
Motion Controller
SANMOTION C Model SMC100
Ultra-compact SANMOTION C motion controller



Apr. 2018
Standby UPS with Li-ion Batteries
SANUPS N11C-Li
UPS that ensures a carefree operation even in harsh cold or hot environments



Aug. and Sep. 2018
Online UPS with Li-ion Batteries
SANUPS A22A
3-phase 4-wire
400 VAC model for use in Asia and Europe



Nov. 2018
Emergency Diesel Generator
SANUPS G53A
IoT-enabled emergency diesel generator



Dec. 2018
Standby UPS with Li-ion Batteries
SANUPS N11B-Li
UPS that can be installed outdoors



Feb. 2019
AC Servo Motor
SANMOTION R Low inertia
AC servo motor featuring high torque and high response



Mar. 2019
ø150 x 35 mm
Splash Proof Centrifugal Fan
San Ace 150W
9W2T type
Water and dust resistance
(IP68 protection rating)



Dec. 2018
Online UPS with Li-ion Batteries
SANUPS A11K-Li
UPS equipped with lithium-ion batteries



Feb. 2019
San Ace Controller
IoT product for automatic fan control and remote monitoring



Mar. 2019
97 x 33 mm Splash Proof Blower
San Ace 97W
9W1B type
Blower with water and dust resistance



Dec. 2018
36 x 36 x 28 mm High Static Pressure Fan
San Ace 36
9HV type
Fan achieving high airflow, high static pressure, and space-saving



Feb. 2019
Hybrid UPS
SANUPS E11B
UPS that achieve both high-quality power supply and energy saving



Apr. and Jul. 2019
Online UPS
SANUPS A11M
Highly reliable parallel redundant UPS for use all over the world



We aim for manufacturing carried out side by side with customers

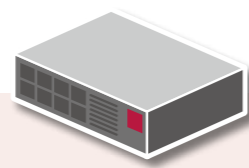
The SANYO DENKI Group develops five businesses: Cooling Systems, Power Systems, Servo Systems, Electrical Equipment Sales, and Electrical Works Contracting.



San Ace Cooling Systems Business

San Ace is a SANYO DENKI brand name for Cooling Systems products, such as cooling fans and cooling fan units.

Demand in the telecommunications and medical device markets has been significant. On the other hand, the demand in the data center and factory automation markets has dropped.



SANUPS Power Systems Business

SANUPS is a SANYO DENKI brand name for Power Systems products such as uninterruptible power supplies (UPSs), inverters, engine generators, and power conditioners for photovoltaic generation systems.

Demand was sluggish largely due to stagnation in the solar power generation and IT markets. On the other hand, the demand in the factory equipment and hospital equipment markets remained strong. In addition, demand in the public facilities market is trending upward.



SANMOTION Servo Systems Business

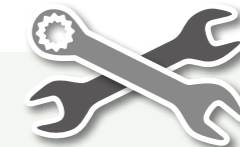
SANMOTION is a SANYO DENKI brand name for Servo Systems products, such as servo motors, servo amplifiers, stepping motors and drivers, controllers, and encoders.

Demand for machine tools, robots, and semiconductors, and demand in China declined due to the slowdown in the memory market and the Chinese economy. On the other hand, demand for injection molding and electronic component mounting machines remained strong.



Electrical Equipment Sales Business

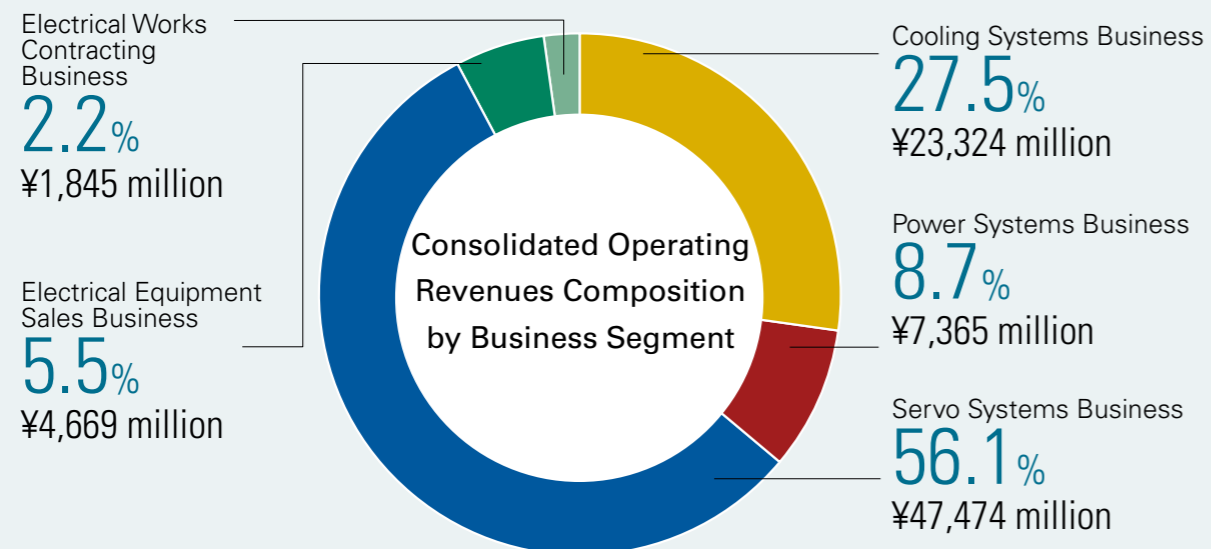
Sales of industrial electrical equipment, control units, and electrical materials still remained strong for medical and other markets. In addition, domestic demand related to solar power generation was sluggish, however, overseas sales and the number of business inquiries received regarding power storage systems increased. In the steel-related market, capital expenditures for new facilities and replacement of old production equipment were partially postponed, and delivery of spare parts for repair-related work declined marginally.



Electrical Works Contracting Business

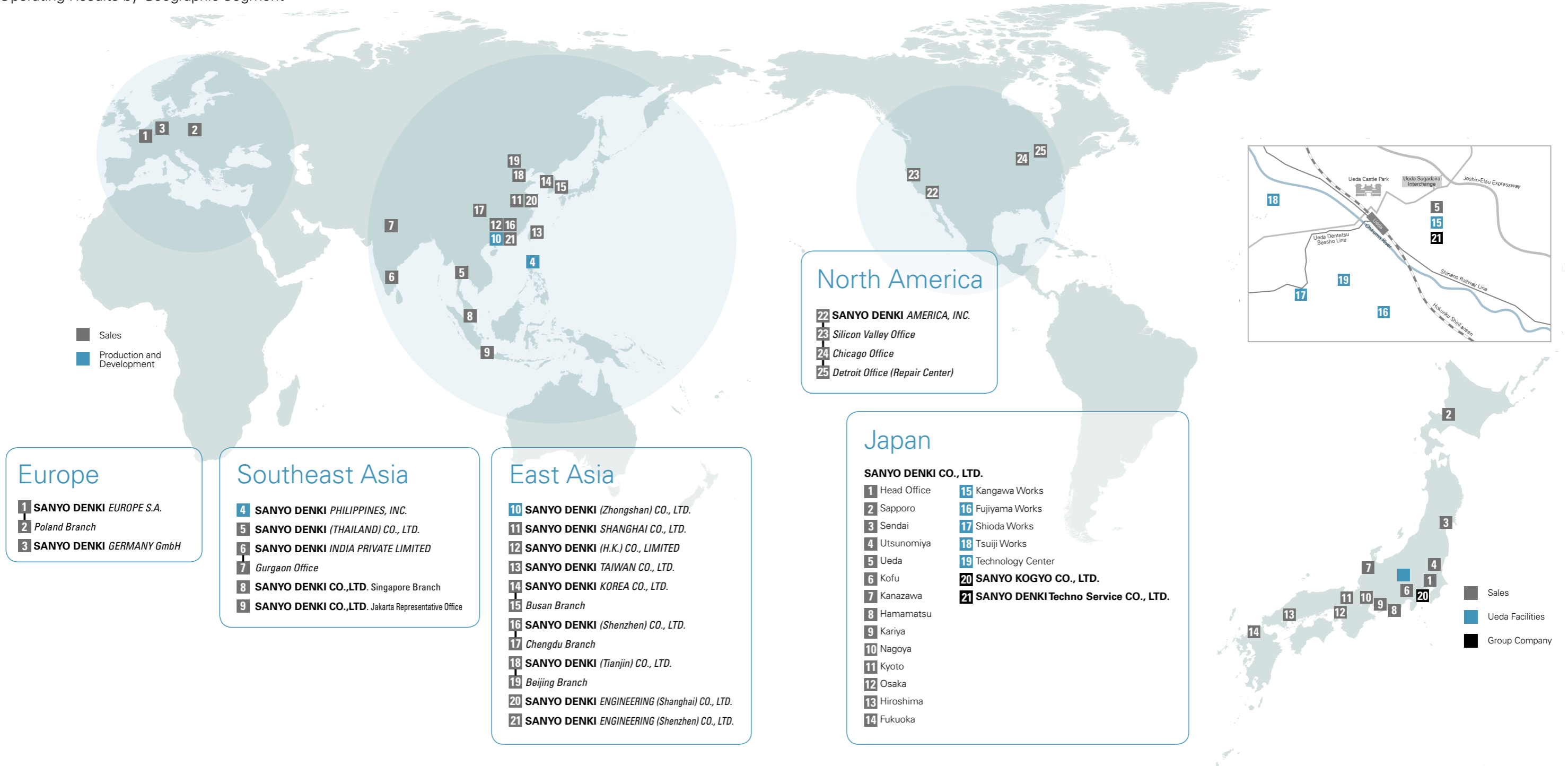
In the field of electrical contracting for steel mills, replacement and repair work of old electrical equipment were conducted as expected. As a result, demand remained strong. In addition, demand for electrical equipment replacement work increased in the general industrial field. However, demand for electrical contracting dropped due to the postponement of orders for large solar power generation construction work.

Consolidated Operating Revenues Composition by Business Segment



Overview of Operating Results for Fiscal 2018

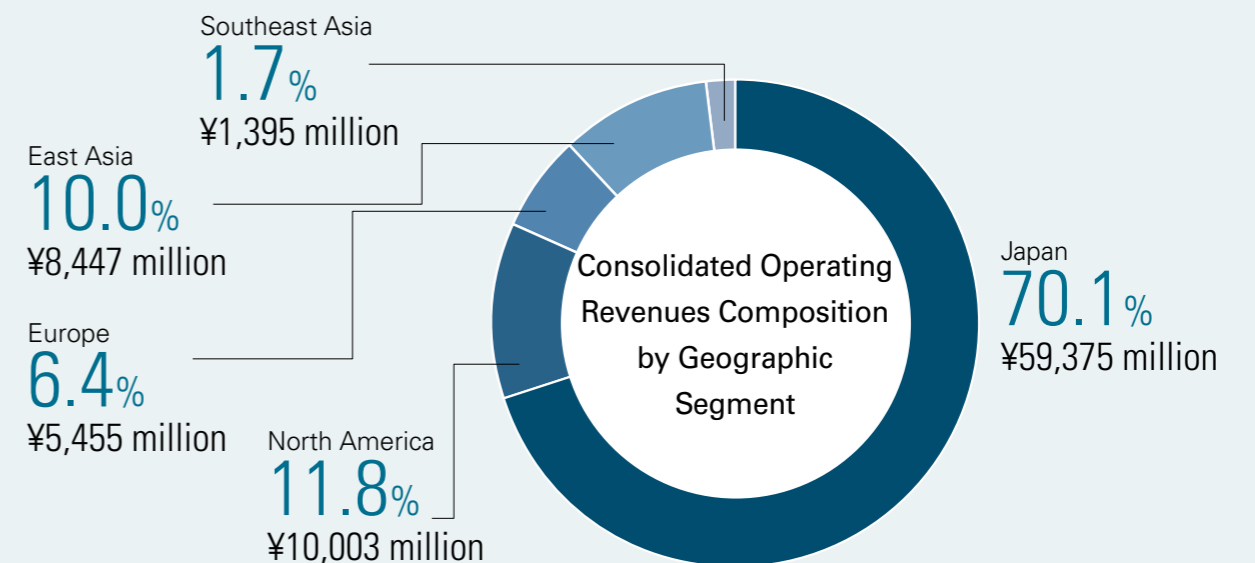
Business segment	Operating revenues (Millions of Yen)	Orders received (Millions of Yen)	Order backlog (Millions of Yen)
Cooling Systems Business	23,324	23,369	4,085
Power Systems Business	7,365	7,381	1,831
Servo Systems Business	47,474	40,317	8,036
Electrical Equipment Sales Business	4,669	4,851	872
Electrical Works Contracting Business	1,845	1,818	775
Total	84,678	77,737	15,602



Overview of Operating Results for Fiscal 2018

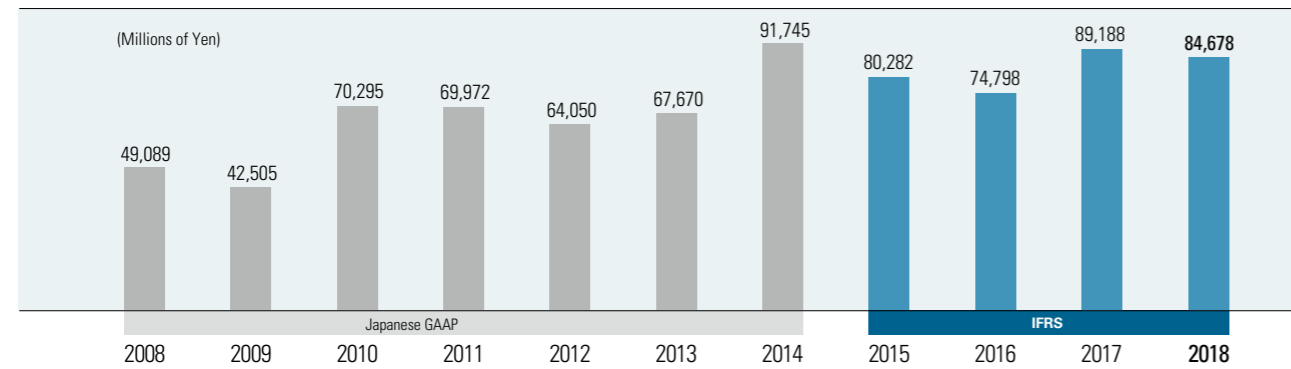
Geographic segment	Operating revenues (Millions of Yen)
Japan	59,375
North America	10,003
Europe	5,455
East Asia	8,447
Southeast Asia	1,395
Total	84,678

Note: Revenue values after elimination of intersegment transactions



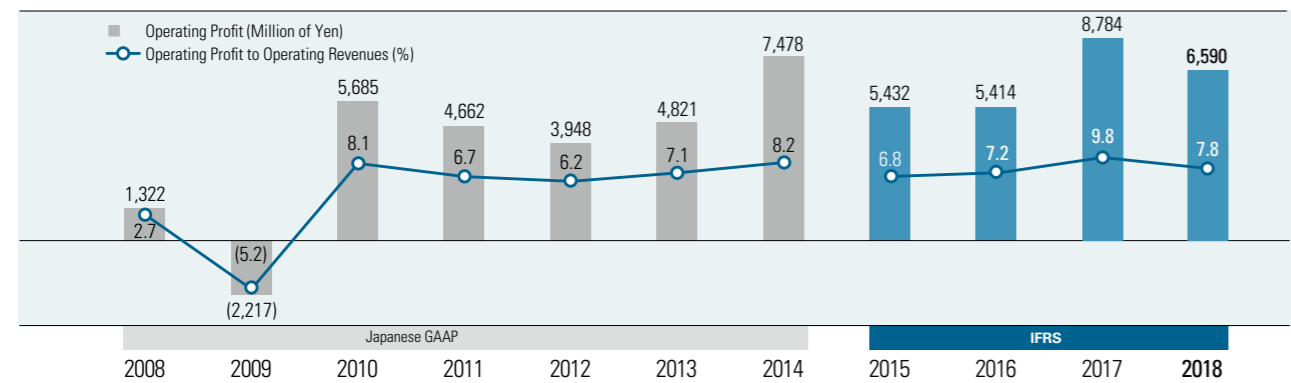
Operating Revenues

¥84,678 million



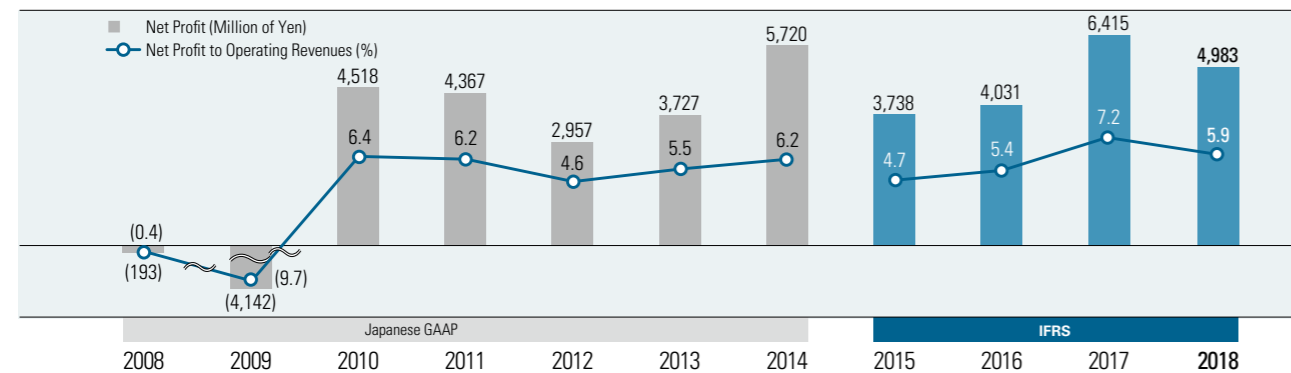
Operating Profit / Operating Profit to Operating Revenues

¥6,590 million / 7.8%



Net Profit* / Net Profit to Operating Revenues

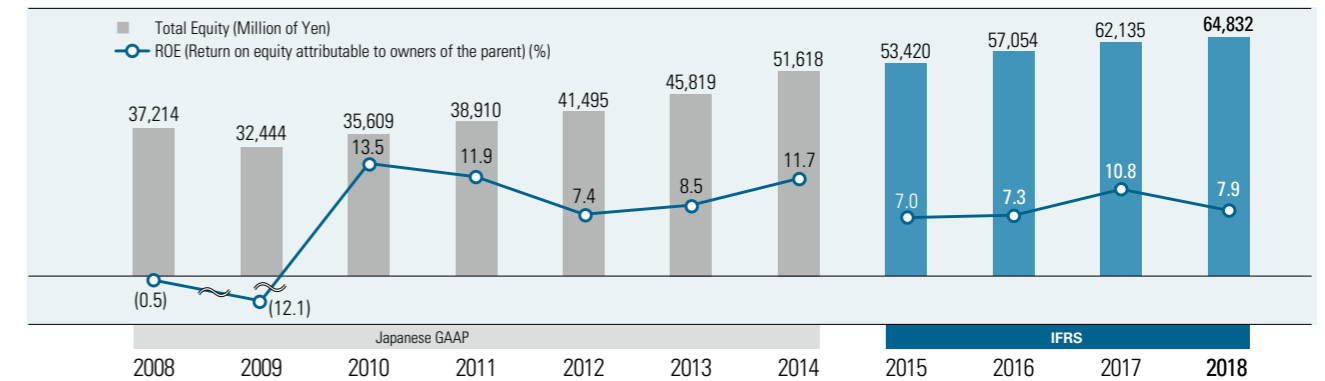
¥4,983 million / 5.9%



* Net profit attributable to owners of the parent

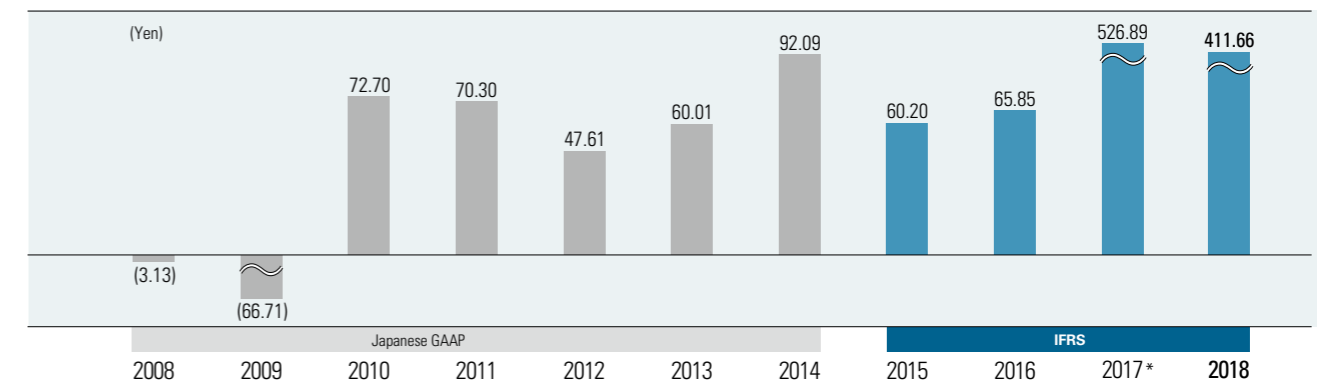
Total Equity / ROE

¥64,832 million / 7.9%



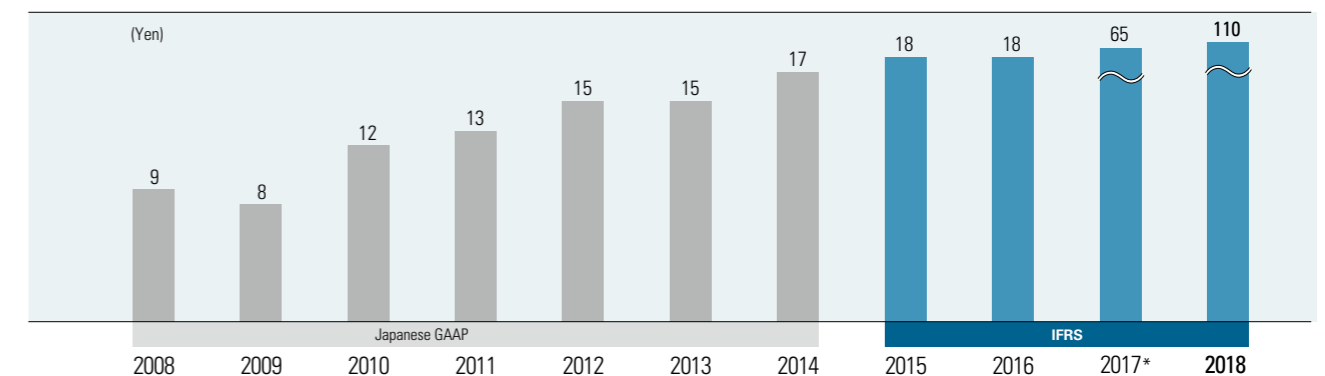
Net Profit per Share

¥411.66



Cash Dividends per Share

¥110



* Our company implemented a share consolidation in which five shares were consolidated into one share in October 2017.

SANYO DENKI

Philosophy

We at SANYO DENKI Group Companies, aim to help all people achieve happiness, and work with people to make their dreams come true.

How to Implement Our Corporate Philosophy

For Society and the Environment

We will conduct management that contributes to preserving the global environment and enhancing human prosperity through our corporate activities.

For Customers and Users

We will conduct management that realizes the creation of new value for customers and users through our technologies, products, and services.

For Suppliers and Vendors

We will conduct management aimed at mutual technical development and prosperity through deals of parts and materials, production contracting, and joint development.

For Investors and Financial Institutions

We will conduct management that increases our investment worth and credit through sound and constructive management and the provision of easily understandable information.

For Colleague and Competitor Companies

We will conduct management that co-creates industrial and technological developments through technical alliances and competition.

For Employees

We will conduct management aimed at employee self-realization through work and corporate activities.

Three Core Technologies

-  Protecting the global environment
-  Protecting people's health and safety
-  Using new energy sources and saving energy

Six Sectors

-  **Medical**
Business sector that manufactures medical and nursing equipment for contributing to human health.
-  **Information and communications**
Business sector that manufactures ICT equipment such as computers, communications equipment, and their peripheral devices.
-  **Industrial**
Business sector that manufactures industrial automation equipment such as machine tools and robots.
-  **Environmental protection**
Business sector that manufactures equipment for promoting the protection of the global environment.
-  **Home automation**
Business sector that manufactures equipment for improving lifestyle.
-  **Energy utilization**
Business sector that manufactures equipment for electric power generation and conversion, energy saving, and new energy utilization.

Social Issues and Needs

- Sustainable society using renewable energy
- Reduction of energy loss
- Support for the next generation
- Products with high quality, performance, and efficiency

8th Mid-term Management Plan

Environment, Social, and Governance

Value Creation for Society

Value creation through businesses

Cooling Systems

Power Systems

Servo Systems

Electrical Works Contracting

Electrical Equipment Sales

- Unique customization tailored to customers
- High quality, high reliability products
- Products utilizing renewable energy
- Corporate activities that contribute to energy saving
- Reduction of CO₂ emissions
- Eco Products
- Appropriate management of chemical substances
- Success of diverse human resources
- Fostering human resources who will lead the next generation
- Promotion of work-life balance
- Building safe working environment
- Forming relationships with local communities

Realization of Corporate Philosophy

Contribution to SDGs



SANYO DENKI Group aims to realize a society where "we help all people achieve happiness, and work with people to make their dreams come true," as stated in our corporate philosophy.

The Group will create new value by sincerely facing social issues and developing products and providing services that have never been seen before.

We will also contribute to the realization of sustainable society that SDGs (Sustainable Development Goals) pursue by achieving the four themes of the 8th Med-term Management Plan: "new product development", "borderless operations", "real-time information management", and "factory automation".



Shigejiro Miyata

Director
Executive Operating Officer
for Quality Control
and Mid-term Strategy

Culminating the 8th Mid-term Management Plan

April 2016 to March 2021

The 4th Year of the 8th Mid-term Management Plan

The 8th Mid-term Management Plan that started in April 2016 has reached the halfway point and is now in its 4th year. The core of this plan comprises three goals: "to build a leading global brand", "to globalize operations", and "to specialize in change". In the plan execution phase, these are further specified. "New product development", "borderless operations", "real-time information management", and "factory automation" have been set as themes. Nearly 794 initiatives have been set throughout the entire Group. These initiatives are progressing steadily.

"Factory Automation" Nearing Completion

Reviewing the results up until last year, factory automation has shown particularly significant results. Factory environments have changed dramatically when compared to previous years. Automated lines have been introduced at all factories, and a large number of products are now manufactured by automated equipment. Positive results are gradually being observed. Among them, in the servo amplifier board component insertion process at Fujiyama Works, production labor hours have been reduced to 1/4, and production lead time has been reduced to 1/3 through automation. In addition, in-process inventory has been made zero. Furthermore, as production innovation lines began operation, profitability has also improved.

Get Connected by Using Information Technology

"Borderless operations" and "real-time information management" have progressed significantly this fiscal year as a result of the utilization of IT technology. The sales department has come up with initiatives for creating sales opportunities and generating new product ideas by sharing knowledge and information. For example, a system that centrally manages all the customer information and sales activities of the entire group including international group companies has been launched. This has made it possible for us to quickly and accurately assign customers to sales bases and decide how to approach customers from a global strategic point of view. Utilizing these has enabled efficient sales activities. Furthermore, we have established a system for using customer feedback collected through these processes in new product development. It is the internal communication platform for sharing ideas about new product development. Using the internal communication platform, we share customer feedback and requests, market research results, and new product ideas with the product design and development teams in real time. This has actually led to the production of a number of innovative products. The business divisions have also started "real-time" related initiatives. Currently, a 3D design system that uses simulation is being developed. Using structure analysis, resin fluidity analysis, and thermal fluid analysis programs in the product design phase enables us to verify the product operation and performance at the development phase. Conventionally, one product was developed by repeating the "design → prototyping → analysis → verification" cycle a number of times. With the 3D design system, however, these steps can be performed simultaneously, greatly reducing the development time. We also focus on developing IoT-ready products. The development of "connected products" is an important theme of product development. IoT-enabled products have been developed successively to build a system to connect customers and SANYO DENKI in real time. As a result, customers will be able to monitor the status of production sites in real time, and subsequently perform more flexible production actions such as issuing of maintenance instructions

and production change instructions. At the same time, SANYO DENKI will also improve the speed and quality of customer service such as by carrying out remote maintenance upon customer requests.

In addition, the Purchasing Division launched a platform that shares supplier-related information such as order results, inventory data, and price transitions throughout the Group.

In addition, the Administrative Division has coordinated their global accounting system with the company's integrated database to automate the data aggregation, data analysis, and simulation processes, and also digitized the personnel system. Therefore, tasks of the Administrative Division have been made uniform, realizing real-time, paper-less operations throughout the Group.

Future Activities

While we have achieved many positive results, a range of issues have also been identified. During this fiscal year, the environment we operate in has undergone significant changes due to market influences. If we rely only on a traditional approach, we will be swallowed up by the waves of change. The global economic outlook is unclear. Regardless of how the environment SANYO DENKI operates in is changing, we will focus on building a foundation from where we can actively approach new markets in the future and turn changes into opportunities. We intend to enter and expand into markets in new fields where our strengths can be leveraged such as electric vehicles, new forms of energy, medical, food, and emergency management.

To Realize Our Corporate Philosophy

The final goal of our plan is to realize our corporate philosophy. Steadily accomplishing our initiatives will result in the creation of new value for customers, contribution to environmental preservation, improvement of the Group employees' productivity and motivation, and enhancement of our corporate value. We will achieve the Mid-term Management Plan and realize our corporate philosophy by engaging in activities that contribute to society aiming for the happiness of all the people involved with our company.



Nobumasa Kodama

Representative Director
Vice President
for Manufacturing
and Technical Development

SANYO DENKI's Manufacturing Aimed at "Building a Leading Global Brand"

Under the corporate philosophy to "aim to help all people achieve happiness", SANYO DENKI focuses on three technologies: one for protecting the global environment, one for protecting people's health and safety, and one for using new energy sources and saving energy.

Our group is committed to develop products in line with these technologies.



Environment



Health



Energy

From Pursuing Volume to Pursuing Quality

SANYO DENKI's product development is closely aligned with market demand and involve equipment-specific customization. The market environment surrounding products has changed significantly and the speed of change is accelerating. Even in such an environment, SANYO DENKI flexibly adjusts to these changes and delivers products that are suitable for current market conditions to customers.

SANYO DENKI's product development is always focused on providing top-level performance in the industry. This is now our basic policy. In the past, however, we used to develop products with a focus on sales quantity. A turning point was reached in the 1990s. In the cooling fan market in the 1990s, mass production was the mainstream production method since there was a very large demand for personal computers. As demand for fans increased significantly, SANYO DENKI opened a factory in the Philippines.

This increase in global demand for fans helped the SANYO DENKI Group enter the global market. On the other hand, as it was difficult in this market to differentiate the product performance due to the nature of the product usage, competition intensified. As a result, we became involved in a price-cutting competition.

This led SANYO DENKI to adopt a strategy that placed greatest priority on the "nature" of product performance, function, and quality during the product development stage. "Strong technology" that is necessary to improve "nature" does not necessarily mean a complicated structure will result. It is, in fact, an extremely simple structure. However, to achieve this, advanced technological know-how is necessary. In addition, it is very important to hand this know-how on to the next generation. This leads to differentiation between products and maintenance required for high performance quality. SANYO DENKI develops each technology to the highest level in the industry in order to maintain and improve this "excellence".

Aiming to Build a Leading Global Brand

One of the goals of the 8th Mid-term Management Plan is "to build a leading global brand". To achieve this, the Design Departments are enhancing product development capabilities in each of the Cooling Systems, Power Systems, and Servo Systems.

In the Cooling Systems Design Department, product development for high-end markets has been emphasized. For high-end markets where high performance and high added value are required, we are actively developing new, never-before-seen products.

For example, we have produced the San Ace PWM Controller that controls the speed of a fan externally, and the San Ace Airflow Tester, the first compact and portable measuring instrument in the industry that can measure airflow and system impedance within a device. We have also released fans that can be directly driven by an AC power supply of 100 or 200 V, which can be used worldwide.

On the other hand, the Power Systems products, by their nature, are to be used by customers as finished products, not as equipment parts. This means that offering a broad product lineup is essential so that many customers can use our products. In the past, Power Systems products were developed primarily for customers in Japan. However, now we are focusing on developing products for the global market. To line up products that meet the power conditions in various countries, nine new products were developed in fiscal 2018. Most of them can be used worldwide. We will steadily expand new markets by further expanding the lineup of products that can be used worldwide.

Finally, the Servo Systems business specializes in product customization which is the greatest advantage of SANYO DENKI. We manufacture products in coordination with customers from the development phase of customer equipment, which enables us to provide exceptional product performance. We also have developed a large number of products that meet a wide range of customer needs, including products with global specifications or products suitable for automation. We develop a number of products that support the needs of various customers such as are developed.

New Market Developments

In the future, new never-before-seen markets will be developed and expanded, with IoT and 5G communication at the top of the list. SANYO DENKI will also develop products by anticipating customers' needs during the product development stage. San Ace Controller, which was released in February of this year, is an IoT-enabled product that continuously monitors the operation status of fans in remote locations, detects equipment failures, and enables preventive maintenance. This function is the first of its kind in the industry.

The goals of the SANYO DENKI Group involve developing new technologies and new products focused on helping people achieve happiness. SANYO DENKI's products are some of the best in the industry and not only improve performance of customers equipment, but also contribute to saving energy and preserving the environment. Based on the belief that developing superb products continuously leads to social contribution, SANYO DENKI will continue to focus on product development in the future as a company that contributes to society as the company grows.

SANYO DENKI TECHNOLOGY CENTER



Koichi Uchibori

SANYO DENKI
PHILIPPINES, INC.
Managing Director



Technology Center Opened

In March 2019, SANYO DENKI PHILIPPINES, INC. opened a Technology Center. This is our second Technology Center after the one based in Japan. In addition to the design and development of Cooling Systems, Power Systems, and Servo Systems products, this Technology Center accommodates the Production Engineering Department that carries out design and manufacturing for factory automation equipment and the Quality Assurance Department that performs reliability testing of products, providing a wide range of functions.

The Technology Center is a two-story building consisting of a first floor for experimentation and prototyping, and a second floor for product design and development. The first floor is used for experimentation and prototyping and has various facilities used for experimentation and evaluation such as an anechoic room, 3D printer, thermostatic chamber, and thermal cycling chamber. Also, there is a space where production and inspection equipment designed by the Production Engineering Department is manufactured and the operation of the equipment is tested.

The second floor is used for design and development and has offices of the Design Departments of the Cooling Systems, Servo Systems, and Power Systems products, the Production Engineering Department that designs factory automation equipment, and the Computer System Department that creates programs to control automation equipment.

As engineers in charge of new product design and factory automation equipment work together in the same office, new product designers and production equipment engineers can closely communicate with each other regarding product structure optimal for automated production and other development challenges from the initial phase of new product development. This enables both new product development and innovative production line building to advance smoothly.

Taking advantage of that the production and product development staff work together in the same office, request and problem information can be shared and reflected in the design of both the new product and production line.

Moreover, from a quality improvement point of view, it has enough space where engineers can design and manufacture automatic inspection equipment including product visual inspection and connection testing equipment for increased inspection accuracy, as well as evaluate it before introducing it to mass-production line.

Moving forward, we will further enhance product development and production technology with the aim of building a Technology Center where many new products and innovative production equipment will be created.

To achieve "develop products that can be used worldwide" and "continuously develop world-leading products", which are the themes of the 8th Mid-term Management Plan, SANYO DENKI PHILIPPINES, INC. will continue to provide customers with high-quality products.

Production Making Full Use of Capacity



SANYO DENKI PHILIPPINES, INC.

Located in Subic Bay, Philippines, SANYO DENKI PHILIPPINES, INC. is the Group's largest production site outside Japan. This site, which was established in 2000, consists of three factories: 1st Building, 2nd Building, and 3rd Building. In 2018, the 3rd Building was expanded to further boost production capabilities.

At the time of establishment, the factory only produced the Cooling Systems products, but it now produces all the three Cooling Systems, Power Systems, and Servo Systems products.

3D printer



Design and development floor





Satoru Onodera

Operating Officer for
Production and Production
Engineering

Production Innovation Lines Unique to SANYO DENKI

Expansion of Production Innovation Lines

As of the end of June 2019, many production innovation lines are in operation.

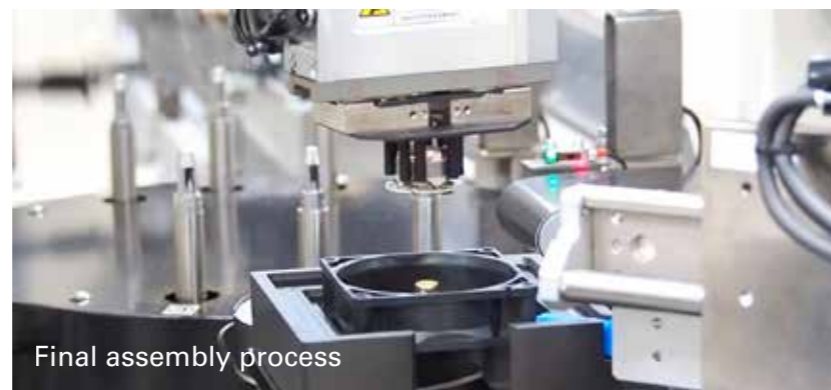
In the Cooling Systems Division, innovation lines covering PCB assembly, winding and impeller assembly, and final assembly and inspection processes have been completed and operating.

Various devices are put into each process so that products with different specifications can be assembled efficiently. Vibration and sound inspections have also been automated. Note that all assembly processes are concentrated on the fourth floor of Fujiyama Works F3 wing.

With the innovation lines and existing lines combined, the fan production capacity at the Fujiyama Works has been doubled from before. The production lead time has been shortened to one day, and in-process inventory has been made zero.



Fan assembly and inspection line



Final assembly process

The Power Systems Division has completed assembly lines for producing new compact UPS products such as SANUPS E11B. Introduction of these innovation lines has reduced the labor hours by half and production lead time to one day. The assembly and inspection lines of medium and large capacity UPS are currently being constructed.

In the Servo Systems Division, the assembly and inspection lines of small AC servo motor rotors are in operation. In these lines, ring-shaped permanent magnets are automatically assembled into motor shafts to assemble rotors. This has reduced labor hours to 1/3 and doubled the production capacity. In addition, the assembly and inspection lines for incremental encoders have also been completed and installed in the clean room. Note that innovative equipment such as multitasking machines are now operating on the motor shaft and die cast component processing lines.



Small AC servo motor assembly line

Innovation Production Lines Evolved by Creativity and Ingenuity

Existing production innovation lines are evolving too. The driving force behind this is "creativity and ingenuity".

For example, we are now verifying our new attempt of applying AI (artificial intelligence) to the soldering process in the servo amplifier control PCB assembly line. The aim is to automatically detect the soldering finish in real time in order to ensure that optimal soldering conditions are always optimized. Also, in the UPS assembly line, we have created a system to enable cooperation between people and machines, quantify non-valuable work such as operational waste, and reflect this for work improvement. As a result, productivity has increased 1.3 times. These are a few of our creative efforts for building "manufacturing IoT".



Verifying AI application to soldering process



In-house manufactured "dual-arm palletizing robot"

In-house manufactured dual-arm robots have been applied to the servo amplifier power supply PCB assembly lines. To develop this robot, the SANMOTION C, an in-house manufactured controller, was used to design the mechanism and simulate operation in order to reduce the production line development time.

In addition, an injection molding machine that is used for servo motor resin molding has been in-house using our own technology. The die changing and optimal molding conditions setting can be done automatically. This increased productivity to 2.3 times.

These are examples of the realization of production innovation lines using our own products and technologies, that is, production innovation lines that only SANYO DENKI can build.



"Injection molding machine" with in-house technology applied

The Path and Vital Point Leading Toward 2020 and Beyond

In the first half of 2019, DC servomotor assembly/inspection lines and servo amplifier assembly/inspection lines will be completed as new innovation lines. On the DC servo motor production line, the design of the new products and development of the production method are being simultaneously promoted. This line is an example of a production innovation line that combines both product design technology and production technology.

As the entire factory is optimized, production labor hours will be reduced by half (productivity will be doubled), production lead time will be reduced to 1/4, and in-process inventory will be reduced by half or less in 2020 when compared to conventional levels.

Furthermore, new products that incorporate IoT functions will be released one after another toward 2020. We have already released IoT-enabled products such as San Ace Controller and SANUPS G53A emergency diesel generator. New servo amplifiers and servo motors will be released at the end of 2020.

We aim to build factories where new products are produced on innovation lines then new values are created by the new products, with both the product design and production technologies enhancing each other.

To continuously provide customers with valuable products and services, we will create "factories that continue to innovate". Again, the driving force is the creativity and ingenuity of people.



Yoshimasa Matsumoto

Director
Executive Operating Officer
for Sales and International
Sales Operations

Wide-reaching Global Network of the SANYO DENKI Group

Sales Strategy

Important topics of SANYO DENKI Group's sales strategy include "cultivate new markets" and "cultivate new customers". We promote our businesses based on these. Based on the results for 2018, sales to new customers contributed approximately 25% to total sales.

Customers have a wide range of requests. Recent trends demonstrate that demand for robot motors is increasing as labor-saving efforts have been emphasized. Demand for cooling fans is also expanding as the number of servers increases due to the expansion of network services and investment in the 5G next-generation networks is expected to gain momentum in the future.

In addition, we also focus on cultivating applications for medical, emergency management, and other fields that are expected to grow in the future.

New markets and applications



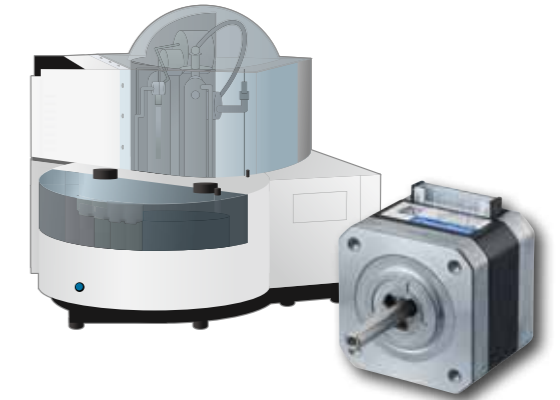
Medical air purifier
San Ace 120AD
AC Fan



Emergency management radio
SANUPS N11C-Li
Standby UPS with lithium-ion batteries



Immunoassay system
SANMOTION F2
42 mm sq. 2-phase stepping motor



Global Business Expansion

SANYO DENKI (Tianjin) CO., LTD. was established in Tianjin, China in spring 2019. It is a new international sales base for expanding our businesses in the north and north-east regions of China. There are already approximately 30 local distributors in these regions. Using this distributor network, we will further accelerate sales activities.

In addition, SANYO DENKI Tianjin is home to a technical center equipped with experiment equipment. This enables customer services such as technical support of products and region-specific product customization.

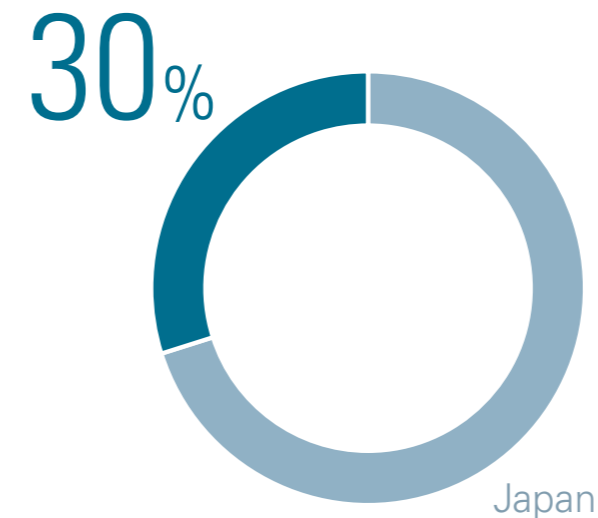
A branch office of SANYO DENKI Tianjin was also opened in Beijing. In the areas around Beijing, where communications equipment business is thriving, we will take advantage of our strengths to expand our businesses.

For Further Growth

The SANYO DENKI Group has over 30 international sales offices worldwide. In addition, we have strong partnerships with local distributors around the world. It is extremely important to connect our sales offices and local distributors in order for the Group to expand into new and broad markets. We will build a stronger business structure by sharing ideas and information in real time. We will accelerate our global business by focusing on quality and providing products that meet our customers' needs.

We will continue to deliver high-quality products and services that only the SANYO DENKI Group can provide.

Global Revenues





Back row,
left to right

Takeshi Yamamoto

Audit & Supervisory Board
Member (Part-time)

Hisayuki Ogura

Audit & Supervisory Board
Member (Part-time)

Fumio Amano

Audit & Supervisory Board
Member (Full-time)

Sakon Hatanaka

Audit & Supervisory Board
Member (Full-time)

Satoru Onodera

Operating Officer for
Production and
Production Engineering

Jiro Sakamoto

Operating Officer
Regional Sales Manager for
West Japan

Motoichiro Naruse

Operating Officer
General Manager of
Purchasing Headquarters

Tatsuya Hirata

Operating Officer
General Manager of
Sales Headquarters

Front row,
left to right

Toru Suzuki

Outside Director

Keiichi Kitamura

Executive Operating Officer
for Administration

Chihiro Nakayama

Director
Executive Operating Officer
General Manager of
Cooling Systems Division
Deputy General Manager of
Power Systems Division

Yoshimasa Matsumoto

Director
Executive Operating Officer
for Sales and International
Sales Operations

Shigeo Yamamoto

CEO/President & COO

Nobumasa Kodama

Representative Director
Vice President for
Manufacturing and
Technical Development
General Manager of
Power Systems Division
Chief of Ueda Facilities

Shigejiro Miyata

Director
Executive Operating Officer
for Quality Control and
Mid-term Strategy

Toshihiko Baba

Executive Operating Officer
General Manager of
Servo Systems Division

Yuichiro Miyake

Outside Director

Hiroshi Suwa

Outside Director

Corporate Governance

Basic Principle

The SANYO DENKI Group enhances transparency of management and corporate governance, and is determined to construct and maintain an organizational system that can rapidly adjust to changes in management environment, and a fair management system that benefits our shareholders.

In addition, we promote our corporate philosophy, "We at SANYO DENKI Group Companies aim to help all people achieve happiness, and work with people to make their dreams come true." In order to enhance the meaning of our company's existence, the position of each stakeholder is respected in order to implement the corporate philosophy.

Corporate Governance System Description

Form of organization design	Company with board of auditors
Number of board directors (number of outside directors)	8 (3)
Number of auditors (number of outside auditors)	4 (3)
Number of board of directors' meetings	13
Number of board of auditors' meetings	16
Director's term of office	Two years (The same term applies to outside directors.)
Auditor's term of office	Four years (The same term applies to outside auditors.)
Adoption of executive officer system	Yes
Advisory committee of the board of directors	Compensation Committee
Audit corporation	EY Japan Co., Ltd.

Approach to Strengthening of Corporate Governance

FY 1999	Outside directors introduced
FY 2007	Outside directors increased
FY 2015	Basic governance policy established Outside directors increased
FY 2018	Compensation Committee established

Selection Criteria for Directors

Directors and auditors are selected and dismissed by the board of directors as a result of judging their knowledge, experience, and capabilities in terms of appropriately accomplishing the required roles. In addition, selection of candidates for auditor positions requires agreement of the board of auditors.

In addition, to ensure independence of outside directors, there must be no special personal relationships, capital ties, or other interests with SANYO DENKI in accordance with the independence requirements defined by the Tokyo Stock Exchange. Note that the reason for the selection of outside directors is described in the notice for general meetings of shareholders and the annual securities report. Regarding the selection and dismissal procedure, consultation with independent outside directors is made and relevant advice is obtained through discussions with independent outside directors.

Composition of Board of Directors

The Articles of Incorporation states that there shall be no more than ten directors. Regarding selection of directors, an individual who is well versed in each business field or who possesses relevant legal, accounting, or management knowledge is selected to maintain balance between knowledge, experience, and capabilities as well as diversity within the board.

Additionally, it is considered that many important matters directors are expected to address are not uniform and that policy related to selection should not be fixed.

Director Compensation

• Fixed salary

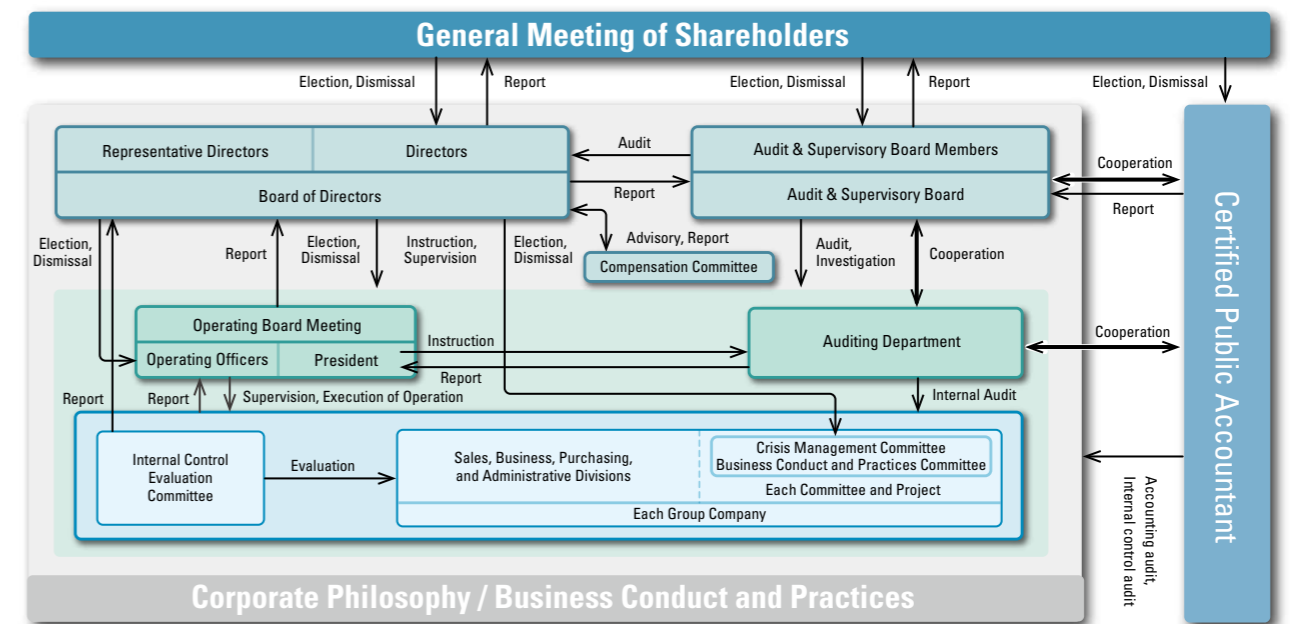
The monthly salary for each director is examined at the voluntary compensation committee in response to the consultation of the board of directors, and determined in accordance with the degree of each director's responsibility, and the amount of bonus is determined in accordance with each director's actual results and degree of contribution. According to this report, salaries are determined and fall within the range that is approved at the general shareholder meeting, and finally approved by the board of directors. Auditors' salaries are decided within the range that is approved at the general shareholder meeting, and finally approved by the board of auditors.

• Retirement benefits

Regarding retirement benefits paid to directors and auditors, amounts paid at the end of each fiscal period are accrued as allowances for retirement benefits for directors and auditors.

Actual retirement benefits for directors are discussed and finalized at the general shareholder meeting based on the submitted proposals. The proposals are made at the compensation committee in response to the consultation of the board of directors beforehand. Based on this, the board of directors finalizes the proposals. In addition, the actual retirement benefits for auditors are discussed and finalized at the general shareholder meeting based on the submitted proposals. The proposals are made at the board of auditors beforehand.

Corporate Governance Structure



Corporate Governance System

Board of Directors

The board of directors always ensures that the activities of directors and employers comply with laws, regulations, and the Company's Articles of Incorporation. The board receives reports from the heads of divisions at regular board of directors meetings, and when needed. The board also makes decisions, issues instructions, and provides guidance when necessary.

The board of directors appoints the necessary number of operating officers to realize systematic, appropriate, and speedy execution of operations, provides individuals the responsibility and authority they need to carry out their duties, oversees operations, and receives reports from the operating officers at board of directors meetings or whenever necessary.

Board of Auditors

Auditors audit the operations of the directors and check whether operating officers, and then the divisions under their control, are executing operations appropriately according to laws, regulations, the Articles of Incorporation, and in-house rules.

Auditing Department

The auditing department, under direct control of the president, performs audits to check whether operations in all divisions of the company and its subsidiary group companies are being conducted appropriately according to laws, regulations, the Articles of Incorporation, and in-house rules. It also provides guidance when it believes a practice needs to be improved.

Business Conduct and Practices Committee

The business conduct and practices committee, appointed by the board of directors, provides employees of the company and subsidiary group companies with thorough training on compliance with laws, business conduct, and practices.

Compensation Committee

The compensation committee that consists of one outside director excluding representative directors, three outside directors, and one auditor, as an advisory committee, examines the salaries for directors and operating officers, and reports it to the board of directors.

Internal Control Evaluation Committee

The internal control evaluation committee evaluates the internal controls of the company and group companies, and reports it to the board of directors. The board of directors then instructs or provides guidance based on the evaluation report.

Risk Management System

Crisis Management Committee

The company's crisis management committee, appointed by the board of directors, should recognize the risks that affect operations of the company and its subsidiary group companies, and strive to improve our crisis management system. During normal operations, the committee formulates measures to prevent risks from occurring.



The SANYO DENKI Group promotes corporate activities aimed at preserving the global environment and human prosperity.

Basic Philosophy

The SANYO DENKI Group helps preserve the global environment and enhance humanity's prosperity through its corporate activities for society and the environment.

Basic Policy

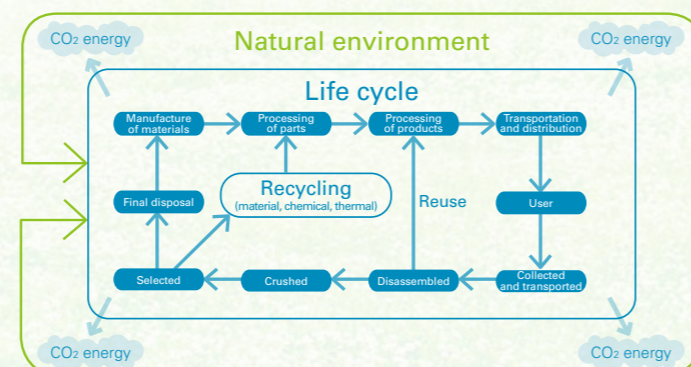
SANYO DENKI CO., LTD., comprising Kangawa Works, Shioda Works, Fujiyama Works, Technology Center, and Head Office, develops, designs, manufactures, and sells cooling fans, UPSs, power conditioners for photovoltaic generation systems (PV inverters), engine generators, servo systems, stepping systems, controllers, encoders, and driving devices. Under the principles listed below, each member of SANYO DENKI will take part in eco-friendly activities to help preserve our abundant global environment.

1. To enhance our environmental performance, we will continuously improve the environmental management system and work hard to prevent pollution and reduce the environmental impact of our activities.
2. We will assess the environmental impact of our corporate activities, set reduction targets, and achieve the targets. We identify the following items as high-priority for environmental management.
 - (1) Develop, design, manufacture, and sell environment-friendly products
 - (2) Reduce or eliminate the use of hazardous chemical substances
 - (3) Reduce the environmental impact (energy consumption, amount of paper copies, waste, etc.) of business activities
 - (4) Contribute to the local community
 - (5) Protect biodiversity and ecosystem
3. We observe environmental laws, restrictions, and other rules relevant to our company and work hard to preserve the environment.
4. We document, carry out, and maintain our environmental principles, make them known to all our employees, and ask that our employees cooperate in the pursuit of these principles and reflect them in our environmental management processes.
5. We will review the environmental management system periodically.
6. We will openly publicize our environmental principles to parties inside and outside the company.

Implementation of Life Cycle Assessment (LCA)

This LCA is one of the techniques used to provide a general quantitative measure of levels of environmental impact, including global warming, that products have through their life cycles. We evaluate the environmental compatibility of a product using LCA. The LCA implementation rate for our Eco Products is over 90%.

Diagram of life cycle assessment (LCA)



Effects on the natural environment (global warming) are assessed at each stage of the life cycle, based on the energy consumption and the amount of CO₂ emissions.

What are the Eco Products?

Efforts for Design Eco-products

Regarding product design, we are carrying out product development with the aim of incorporating the latest energy-saving technologies into our new products. Newly developed products are compared with commercially available and existing products and are certified as eco-products (eco-design products) if they satisfy the specified evaluation standards. In fiscal 2018, 15 types of products were certified as eco-products. Going forward, we will continue to promote the reduction of CO₂ emission when in use and product development considering LCA.

In addition, we conduct an internal eco-products training on an annual basis.

SANUPS
POWER SYSTEMS

Hybrid UPS
SANUPS E11B (1 kVA)

CO₂ emissions
29.0% ↓
Products used in LCA comparison
New product: E11B102A001
Conventional product: E11A102A001



Material Procurement

Based on our corporate policy, we strictly observe the regulations and procure materials while taking the environment into account, and make social contributions (CSR) through fair and equitable business.

Eliminating Conflict Minerals

Procurement Policy

The Electronic Industry Citizenship Coalition (EICC), whose members include major electronics companies and their suppliers around the world, encourages companies to monitor their supply chains to eliminate the use of mineral resources produced in the Democratic Republic of the Congo that are considered to be conflict minerals (conflict minerals or resources in conflict metal disputed areas). To address this issue, the SANYO DENKI Group has formulated the procurement policy stated below.

1. The SANYO DENKI Group recognizes its responsibilities as a member of the global community and acts in accordance with social norms and relevant laws and regulations of the countries where it operates.
2. Under this policy, conflict minerals include tin, gold, tantalum, tungsten, and cobalt.
3. We will occasionally check whether or not suppliers of parts and materials, which are likely to include any of these minerals, use minerals produced in the Congo as well as the country of origin of the minerals they use.
4. We will immediately stop purchasing parts or materials should they be found to contain any minerals produced in the Democratic Republic of the Congo or neighboring conflict zones. Suppliers are asked to promptly contact our purchasing department should they discover that any of their products contain or may contain a conflict mineral, and follow the instructions provided.
5. Regardless of the policy stated above, it may be difficult to identify the country of origin, refinery, and upstream suppliers of a material since conflict minerals constitute rare metals or precious metals and are traded in various forms and through different channels. We will conduct follow-up investigations at appropriate intervals to ensure that the investigation is thorough.



Corporate Growth is Social Growth. Corporate Activities Contribute to the Environment

Biodiversity Initiatives

The protection of biodiversity is an important issue on a par with the prevention of global warming. The SANYO DENKI Group engages in energy saving activities and initiatives utilizing our own resources including our own technologies and products.

Factory

Solar Panels

Solar panels are installed at Kangawa Works, Fujiyama Works, Technology Center, and Logistic Center. The generated electricity is utilized at each factory. The power generation uses our power conditioners.



Wood Crusher

Waste wood produced at the factory is chipped and used for weed prevention measures.



Vehicle

Introduction of Low Emission Vehicles

Diesel vehicles compliant with the exhaust gas regulations are used for transporting materials between production sites. In addition, electric vehicles have been introduced as company vehicles. Quick chargers for electric vehicles that incorporate our cooling fans are installed at Kangawa Works, Fujiyama Works, and Technology Center.



Outside

Cleanup Activities

At the Head Office and Ueda Facilities (factories and technology center), cleanup activities are conducted around the factories more than once a month. In addition, the Kangawa Works is engaged in large-scale community cleanup activities around the factory conducted in conjunction with the local municipality.



LED Lighting

LED lighting with high energy savings is used for factory lighting.



Vending Machines

All can and bottle vending machines installed inside Ueda Facilities have been replaced by machines that use less power.



SANYO DENKI PHILIPPINES, INC.

Environmental Activities in the Philippines



SANYO DENKI PHILIPPINES conducts tree planting and beach cleanup activities as part of its environmental protection activities.

Tree planting efforts



Beach cleanup activity



Charity marathon



We hold tree-planting activities in surrounding mountain forest area, and cleanup activities along coastlines once a year. In addition, we also participated in the charity marathon held by SBMA (Subic Bay Metropolitan Authority). Participation fees are used for beach cleanup activities.



Foundation for Employees' Safety and Health Activities

Safety and Health Activities

The safety manager meetings and health manager meetings attended by general managers, safety managers, health managers, general affairs managers, and relevant directors play an important role in deciding annual goals. In accordance with these goals, each production site decides the annual safety and health plans.

Safety Targets in FY 2018

	Targets	
Occupational Safety	Zero accidents at work	
Occupational Health	Zero accidents involving chemical substances	
Traffic Safety	Zero accidents during commuting and when driving vehicles at work	
Equipment Maintenance	Zero accidents due to repair failures, inspection failures, or maintenance failures	

Health Targets in FY 2018 (Excerpt)

Targets	
Attendance rate of periodic and special medical examination to be 100%	
Growing health care awareness	
Work is harmonized with life to construct a work place where all employees can recognize their value	
A comfortable workplace environment is maintained and improved, and the burden on mind and body reduced	
Improvement of work processes	

Safety and Health Committee

Safety and health committees established at the SANYO DENKI Head Office and Ueda Facilities (factories and Technology Center) comprise industrial physicians, public health nurses, people in charge of safety and health, and environmental management experts.

Workplace Inspection Visits

Every month, industrial physicians, and safety and health committee members conduct workplace inspection visits. Implemented for the purpose of preventing occupational accidents, committee members inspect whether appropriate measures have been taken to solve any problems pointed out in the previous month's inspection, and to check for any areas that need improvement.

Efforts for Prevention of Workers' Accident (Workplace Inspection Visits)

To enforce workplace inspection visits, safety and health committee members are provided with training in how to promote workplace inspection visits efficiently. Lectures providing relevant information for our workplace are given by specialized instructors and attended by our employees, and the knowledge obtained at the lectures is utilized to conduct workplace inspection visits.

Work Environment Management and Risk Assessment

Environmental measurement result reports and chemical substance risk assessment reports are used to ensure safety in the work environment.

Emergency Drills

Emergency drills are conducted at the Head Office and Ueda Facilities (factories and Technology Center).



Emergency lifesaving training



Emergency drills

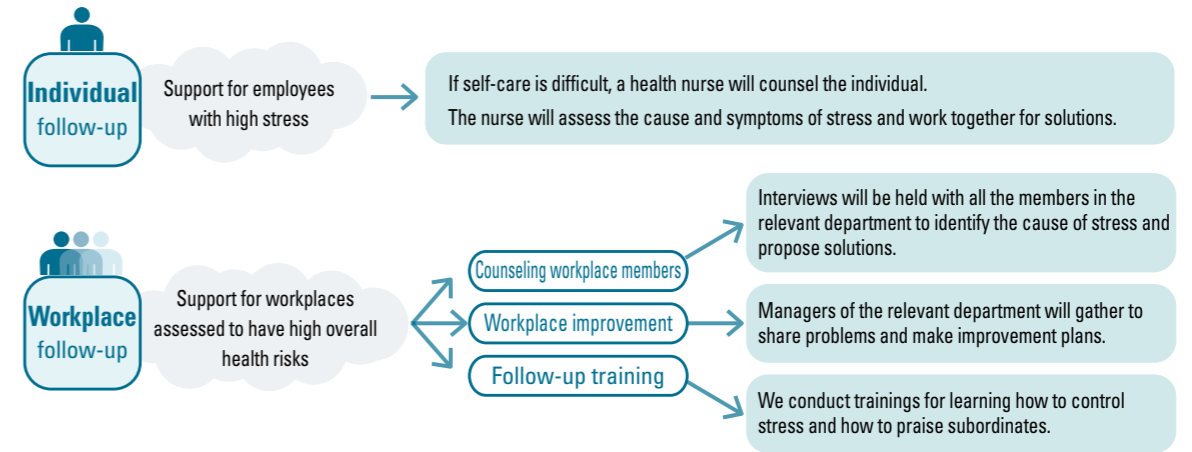
Installation of Automated External Defibrillator (AED)

AEDs are installed inside the Head Office, Ueda Facilities (factories and Technology Center), Osaka Branch, and Nagoya Branch. We also provide regular training on life-saving methods to ensure employees are able to act quickly in emergency situations. Last year, the Head Office received a letter of appreciation from the Toshima Fire Department in recognition of its training on life-saving methods.

Stress Check Follow-up

In 2018, 3,855 employees including those of Group companies underwent a stress check.

The results are analyzed and used to follow up individuals and workplaces. We strive to maintain an environment where employees can work with peace of mind.



Support for Employees Working Overseas

Public health nurses interview all employees working overseas and those planning to work overseas to help support their physical and mental health. Before employees begin work overseas, when they temporarily return to Japan, or when they return permanently to Japan, instructions are provided regarding health risks and countermeasures against health issues overseas, physical and mental health status is checked, and continuous treatment of chronic disease is supported.

Efforts to Protect Health

Health Promotion

The medical examination participation rate is 100%. In addition to providing legal medical examinations, we have a subsidy system to support complete medical check-ups. Appropriate health guidance is offered to employees subject to health management support, so that sicknesses that can be prevented will not be overlooked. In addition, a range of events are held to improve employees' health consciousness.

Support for Medical Examination

Based on the results of medical examinations, appropriate medical facilities are introduced to employees who require thorough checkups or medical care in order to promote proactive care.

Work-life Balance Support

Public health nurses act as coordinators and support employees who are being treated so that they are able to work and receive appropriate treatment. As required, consideration is given to employees who are currently being treated in order to enable them to continue working, such as reducing their workloads, or transferring them to other positions.

Launch of Walking Event

After employees' medical examination results were received, an event to improve lack of physical activity was opened. At this event, pedometers are rented out so that participants can monitor the number of steps they take each day, which will contribute towards their developing a healthy walking habit. Two hundred and sixty employees in total participated in this event.



Healthy Company Declaration

SANYO DENKI announced initiatives to boost employees' health throughout the company to be recognized as a Healthy Company. In August 2018, we were certified as a "Silver" Healthy Company





Realizing a Comfortable Workplace for All Employees and the Next Generation

Respecting employee diversity and fostering human resources who will lead the next generation.

For Employees

Global Meetings

"Global meetings" involving employees stationed around the world were launched to enable group members to share information and opinions. These meetings of specialists in each field are held once a year and are an effective way to promote global activities of the SANYO DENKI Group.



"SANYO DENKI-Pro" Product Training Course

An online course called "SANYO DENKI-Pro" targeted at sales distributors and employees of the SANYO DENKI Group is provided to allow them to acquire basic knowledge of our products. Employees can acquire knowledge appropriate for their levels from this course at any time whenever necessary.



Training for Promoted Employees

We conduct training for newly promoted employees as a part of the SANYO DENKI Group's position-based training program. This training supports employees who have been promoted to higher positions by helping them understand the required role as well as acquire knowledge necessary for their new position.



Topics

Activities in SANYO DENKI PHILIPPINES

SANYO DENKI PHILIPPINES focuses on cultivation of managers with adaptable fighting potential. The leadership training and technical training are periodically offered to prepare an environment where managers can acquire specialized skills and utilize them in their work.

In addition, an internship program for university students in Japan is provided. A number of students who participated in this internship program joined our company this year.



For Next Generation

Action Policy Based on the Japanese Act on Advancement of Measures to Support Raising Next-Generation Children

As a company that contributes to society, the SANYO DENKI Group is engaged in supporting the cultivation of the next generation. We formulated an action plan with the aim of creating a comfortable work environment enabling all employees to work while raising children.

Goals

- 1 To enhance awareness in the workplace regarding support for childcare and nursing care.
- 2 To promote consultations regarding health management and work considerations for employees who are pregnant or have returned from maternity leave.
- 3 To promote the use of childcare leave and reduced working hour systems enabling employees to actively participate in childcare.
- 4 To enhance internship programs for young people and encourage factory tours involving children from the local community.

Various Initiatives

Kurumin Mark

SANYO DENKI is moving ahead with an eye on realizing the objectives of the Japanese Act on Advancement of Measures to Support Raising Next-Generation Children, i.e., helping build a society in which the children of the next generation are born and raised in good health. That includes enhancing the work environment and conditions for its employees so they can do their jobs with peace of mind as they maintain a healthy balance between work and family life. Pursuant to this act, in July 2016 the company was awarded a certificate (known as Kurumin) in recognition of the excellent childcare support it provides to employees.



Support for Employees Balancing Work and Eldercare

Semiannual briefing sessions are held for pregnant employees, those who will be providing nursing care for family members, as well as those juggling work and child or family care responsibilities. The session is designed to provide these employees with information about laws related to childbirth, child rearing, and family nursing care, relevant employee rules and regulations, health insurance benefits, and so on.

Internships

We provide internship opportunities at our factories throughout the world. The internship program deepens participants' understanding of the SANYO DENKI Group through experience in quality assurance operations, factory tours, discussions with senior employees, and other activities.



Employment of People with Disabilities

We actively promote the employment of people with disabilities. A "support book" is provided to each employee to help them prepare a workplace environment where they can work safely.

Reemployment System

SANYO DENKI has established a system in which employees can continue to work after they retire. Even after reemployment, many employees utilize accumulated technology and experience to play an active role.

Japanese GAAP Consolidated

Millions of Yen

	2009	2010	2011	2012	2013	2014 ⁽³⁾
Operating Results:						
Net sales.....	42,505	70,295	69,972	64,050	67,670	91,745
Cost of sales.....	36,918	55,276	56,059	50,671	52,344	71,163
Selling, general, and administrative expenses ...	7,803	9,333	9,249	9,430	10,504	13,103
Operating income (loss).....	(2,217)	5,685	4,662	3,948	4,821	7,478
Ordinary income (loss).....	(1,647)	5,440	4,917	4,503	5,369	8,409
Net income (loss) before income taxes...	(1,830)	4,706	5,665	4,412	5,310	8,398
Net income (loss) attributable to parent company shareholders.....	(4,142)	4,518	4,367	2,957	3,727	5,720
Comprehensive income.....	—	3,777	4,074	3,972	6,212	7,698
EBITDA ⁽²⁾	536	8,343	7,294	6,070	6,930	9,681
Capital expenditures.....	2,088	1,963	1,128	1,900	2,337	3,386
Depreciation and amortization.....	2,753	2,658	2,631	2,121	2,109	2,202
Research and development cost.....	1,957	2,162	2,162	2,538	2,405	2,461
Net cash provided by operating activities.....	677	3,869	7,667	5,214	5,714	5,801
Net cash used in investing activities.....	(84)	(1,259)	(1,111)	(2,178)	(2,065)	(3,587)
Net cash provided by (used in) financing activities.....	128	947	(5,932)	(3,298)	(1,114)	(3,352)
Free cash flow.....	592	2,609	6,556	3,035	3,648	2,214

Balance Sheet Data (As of March 31):

Total assets.....	66,614	74,395	69,863	68,979	78,232	90,176
Total net assets.....	32,444	35,609	38,910	41,495	45,819	51,618
Current assets.....	38,525	48,017	45,443	44,209	51,959	60,488
Current liabilities.....	26,298	31,959	24,821	22,386	26,006	31,509
Interest-bearing debt.....	15,145	16,785	11,869	9,982	10,472	8,692
Cash and cash equivalents.....	5,928	8,822	9,378	9,733	13,719	13,151
Total number of shares issued (shares).....	64,860,935	64,860,935	64,860,935	64,860,935	64,860,935	64,860,935

Per Share Data (Yen):

Net income (loss) per share.....	(66.71)	72.70	70.30	47.61	60.01	92.09
Cash dividends per share.....	8	12	13	15	15	17
Book-value per share.....	512.86	564.75	617.98	667.82	737.51	830.94

Ratios (%):

Equity ratio.....	47.9	47.2	55.0	60.2	58.6	57.2
ROE (Return on equity).....	(12.1)	13.5	11.9	7.4	8.5	11.7

(1) Since fiscal 2015, consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

(2) EBITDA (Earnings before interest and taxes) = Operating profit/income + depreciation and amortization

(3) Previously, in preparing the consolidated financial statements, the necessary adjustments for consolidated accounting were made using the financial statements of 14 overseas consolidated subsidiaries as of three months earlier. Effective from the fiscal year ended March 31, 2015, however, for acquiring more accurate consolidated financial statements, we have employed on our accounting method to use the financial statements of the overseas consolidated subsidiaries for the same period as that of the Company. Accordingly, the above results for the year ended March 31, 2015, include the three-month results from January 1 to March 31, 2014, of the overseas consolidated subsidiaries.

(4) The Company implemented a share consolidation in which five shares were consolidated into one share on October 1, 2017. Basic earnings per share and net profit attributable to owners of the parent per share is calculated based on the assumption that the share consolidation was executed on the date of transition to IFRS.

(5) The dividend for fiscal 2017 is the sum of the interim dividend amount of ¥10 and the year-end dividend amount of ¥55 (after the share consolidation). When converted on a post-share consolidation basis, the interim dividend will be ¥50 and the full-year dividend will be ¥105.

IFRS⁽¹⁾ Consolidated

Millions of Yen

	2015	2016	2017	2018
Operating Results:				
Operating revenues.....	80,282	74,798	89,188	84,678
Cost of sales.....	61,975	57,022	66,284	63,662
Selling, general, and administrative expenses...	13,098	12,469	14,237	14,596
Operating profit.....	5,432	5,414	8,784	6,590
Net profit before income taxes.....	5,268	5,332	8,540	6,890
Net profit attributable to owners of the parent.....	3,738	4,031	6,415	4,983
Comprehensive income.....	492	5,259	7,212	4,032
EBITDA ⁽²⁾	8,566	8,685	12,323	10,748
Capital expenditures.....	2,480	1,962	8,044	6,052
Depreciation and amortization.....	3,133	3,270	3,538	4,157
Research and development cost.....	2,495	2,215	2,965	2,976
Net cash provided by operating activities.....	4,930	6,571	5,797	3,058
Net cash used in investing activities.....	(2,862)	(2,825)	(6,770)	(8,164)
Net cash provided by (used in) financing activities.....	(1,971)	(2,626)	422	3,682
Free cash flow.....	2,068	3,746	(972)	(5,106)

Balance Sheet Data (As of March 31):

Total assets.....	88,700	93,156	107,631	106,304
Total equity.....	53,420	57,054	62,135	64,832
Current assets.....	55,376	58,143	66,738	63,595
Current liabilities.....	27,481	28,610	34,849	27,991
Interest-bearing debt.....	8,069	7,192	9,834	14,996
Cash and cash equivalents.....	12,743	13,766	13,182	11,693
Total number of shares issued (shares).....	64,860,935	64,860,935	12,972,187	12,972,187

Per Share Data (Yen)^{(4), (5)}

Net profit per share.....	301.00	329.25	526.89	411.66
Cash dividends per share.....	18	18	65	110
Equity attributable to owners of the parent per share.....	4,300.44	4,665.35	5,132.20	5,355.20

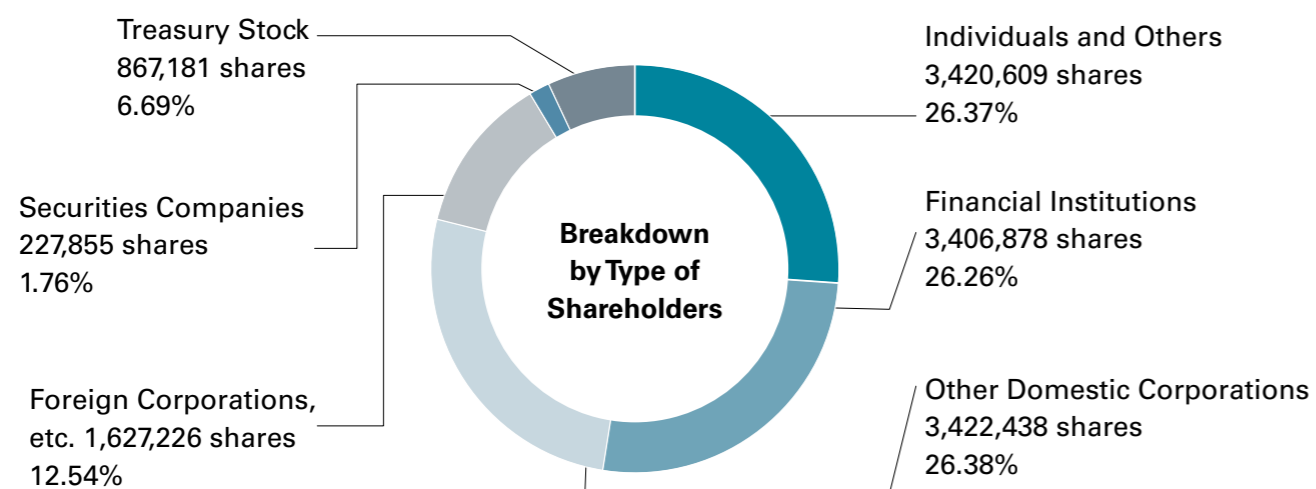
Ratios (%):

Ratio of equity attributable to owners of the parent to total assets.....	60.2	61.2	57.7	61.0
ROE (Return on equity attributable to owners of the parent).....	7.0	7.3	10.8	7.9

Stock Information

(As of March 31, 2019)

Issued shares	12,972,187 shares
Number of shareholders at the end of this fiscal year	5,294
Regular meeting of shareholders	Within three months from April 1 every year
Dividend receiving shareholder settlement date	Year-end dividend: March 31 every year Interim dividend: September 30 every year
Share unit number	100 shares
Shareholder registry administrator	1-2-4 Kayaba-cho, Nihonbashi, Chuo-ku, Tokyo Japan Securities Agents, Ltd.



Major Shareholders

Shareholder Names	Number of Held Shares	Shareholding Percentage
	Thousand shares	%
Kyodo Kogyo Co., Ltd.	1,845	15.25
The Master Trust Bank of Japan, Ltd. (account in trust)	694	5.74
Japan Trustee Services Bank, Ltd. (account in trust)	441	3.65
BNP Paribas Securities Services Luxembourg	347	2.87
Sanyo Kaihatsu Co., Ltd.	318	2.63
Nippon Life Insurance Company	278	2.30
Mizuho Bank Ltd.	227	1.88
Japan Trustee Services Bank, Ltd. (account in trust 9)	215	1.78
The Hachijuni Bank, Ltd.	195	1.61
Sumitomo Mitsui Trust Bank, Limited.	194	1.60

Note 1: The shareholding percentage is calculated excluding treasury shares (867,181 shares).

2: The number of shares shown in the list above is rounded down to the nearest thousand shares.

Company Overview

Founded	August 1927
Incorporated	December 1936
Capital	¥9.9 billion (as of March 31, 2019)
Consolidated Operating Revenues	¥84.6 billion (fiscal 2018)
Representative	Shigeo Yamamoto, CEO/President & COO
Number of Employees	SANYO DENKI Group: 3,480 (as of March 31, 2019)
Head Office	3-33-1 Minami-Otsuka, Toshima-ku, Tokyo 170-8451
Stock Listing	The first section of the Tokyo Stock Exchange
Security Identification Code:	6516

